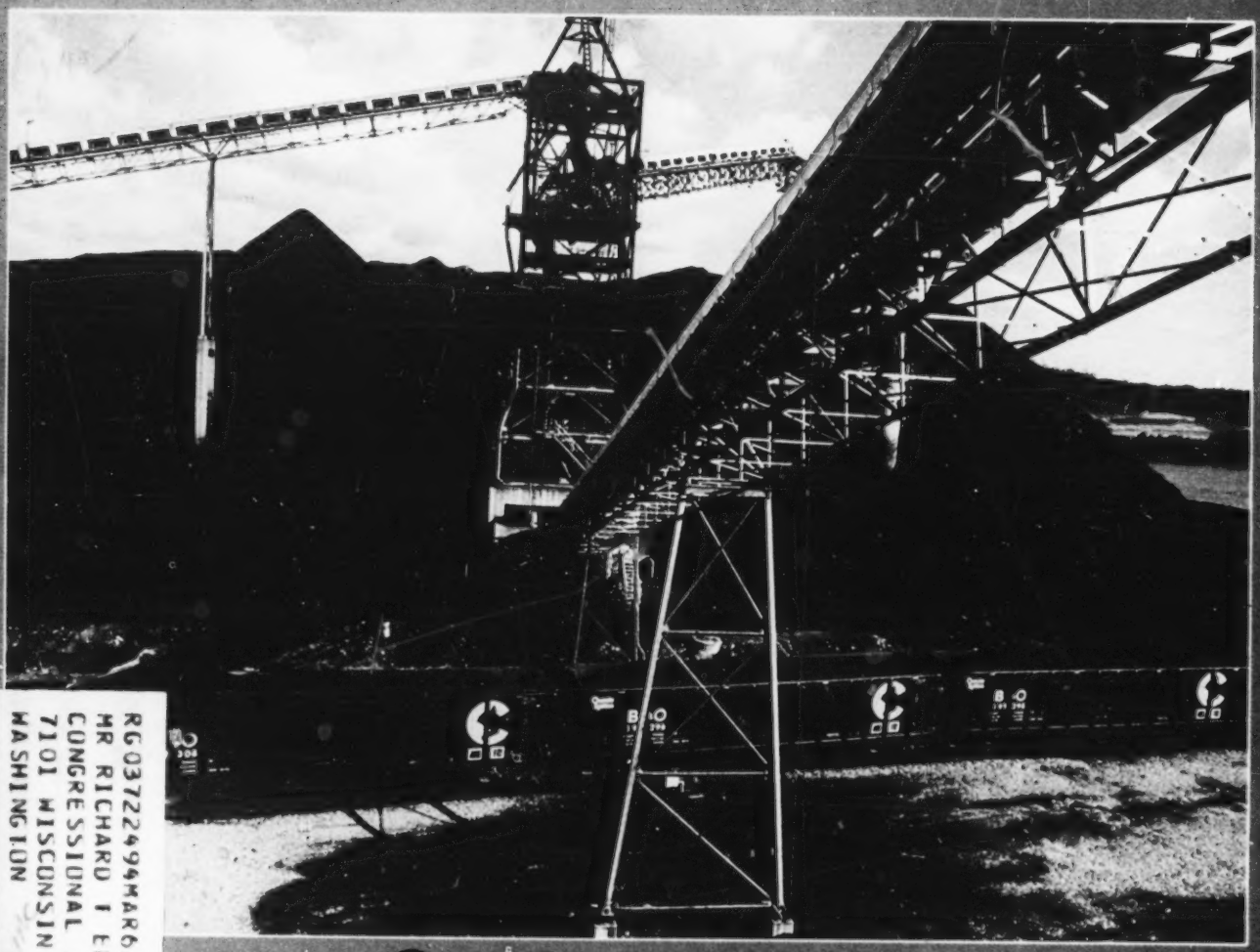
RECEIVED
MAR 14 1980

C 8400-1

Railroad communications: The optical fiber alternative

February 25, 1980

RAILWAY AGE



RG037224 94MAR83 00117066F713 B
MR RICHARD I EWING
CONGRESSIONAL INFO SVC
7101 WISCONSIN AVE
WASHINGTON DC 20014

Coal traffic: How much growth for the railroads?

RAILWAY AGE

USPS 449-130

February 25, 1980 • Vol. 181, No. 4

Editorial and Executive Offices
New York, N.Y. 10013, 350 Broadway
212/966-7700

ROBERT G. LEWIS, Publisher
LUTHER S. MILLER, Editor
FRANKLYN K. LAUDEN, Managing Editor

Associate Editor, June Meyer
Contributing Editor, William D. Middleton
Art Director, Maurice H. Mates
Graphics Director, Martin Kossoy

Marketing and Sales, William J. Cavenagh
Production, Mike Figa, Jr., Maryann Fazio
Manager-Contract Department, Connie Lubrano
Manager-Circulation, Kenneth Young
Fulfillment, Joyce DeFilippi

Editorial and Executive Offices
Chicago, Ill. 60602, 29 E. Madison St.
312/641-5815

GUS WELTY, Senior Editor
Associate Editor, Frank Malone
Engineering Editors
William J. Semioli, Bruce Ozark
Editorial Assistant, Wanda Welty

Washington, D.C. 20045, National Press Bldg.
202/347-1155

Associate Editors
John H. Armstrong, Tom Kizzia

Falmouth, Cornwall, TR11 4RJ, England
P.O. Box 8 (Cable: MISBOARD)
Telephone: 44-326-313945

International Editors
John Levett, Michael Knutton

Railway Age, descended from the American Railroad Journal (1832) and the Western Railroad Gazette (1856), and published under its present name since 1876, is indexed by the Business Periodicals Index and the Engineering Index Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.

Published semi-monthly by the Simmons-Boardman Publishing Corporation, 508 Birch St., Bristol, Conn. 06010. Subscription rates to all railroad, rail rapid transit employees and industrial traffic department employees in the U.S. possessions, Canada and Mexico: $10 one year, $16 two years; all other countries $25 one year. All other subscribers in the U.S. possessions, Canada and Mexico: $19 one year; all other countries $35 one year. All subscriptions payable in advance. Single copies $1 except special issues. Copyrighted © 1980.

Address all subscriptions, change of address and correspondence concerning them to Subscription Dept., Railway Age, P.O. Box 530, Bristol, Conn. 06010.
Change of address should reach us three weeks in advance of next issue date. Send old address with new enclosing, if possible, your address label. Post Office will not forward copies unless you provide extra postage.

Member of

Printed at Hughes Printing Co., 34 North Crystal St., East Stroudsburg, PA. 18301. Controlled circulation postage paid at East Stroudsburg, PA., and at Bristol, CT.
POSTMASTER—SEND FORM 3579 TO P.O. BOX 530, BRISTOL, CONN. 06010

Inside

LUTHER S. MILLER

PROBLEMS AT PAMPA

On Nov. 13, 1979, the Celanese Chemical Co. flew a group of reporters and trade magazine editors to Pampa, Tex., for what should have been (from Celanese's point of view, anyway) a happy and historic occasion. Celanese was announcing that it had completed the $70-million conversion of its Pampa boilers from a scarce fuel (natural gas) to a more abundant one (coal). In the annals of fuel conservation, the occasion was certainly historic: "This conversion to coal as a boiler fuel, the nation's first in any industrial plant since the Arab oil embargo, will free 10 billion cubic feet of natural gas a year for higher priority uses," said Celanese. "We have freed enough natural gas to heat 30,000 homes each year—or enough raw material to produce 100 million gallons of methyl alcohol a year."

But for Celanese officials, the occasion was not entirely a happy one. Each year the plant at Pampa will burn 600,000 tons of coal, delivered by a 73-car unit train making the 703-mile trip from Colorado every four days. Celanese supplies the cars—the first rapid discharge bottom dump cars built by Richmond Tank Car of Houston. FreightMaster maintains them at Pueblo, Colo. Rio Grande and Santa Fe supply the transportation—and there's the rub. The rates the railroads are charging are considerably higher than Celanese had figured they would be six years ago when planning for the conversion began—so much higher that Celanese has decided to shelf plans for converting three more of its plants, on the Texas Gulf Coast, from gas to coal.

"Once the coal source was identified and mining contracts were signed, we were over a barrel," said Celanese President Harry B. Bartley, Jr. "Railroad cooperation vanished."

Similar stories are coming from elsewhere in the South and the Southwest.

According to testimony submitted to the Joint Economic Committee of Congress, the Central Power & Light Co. of Corpus Christi, Tex., found that "from an early 'ball-park' estimate by the railroads of from $10.00 to $10.25 per ton. . .the quoted rate rose to almost $19 per ton after the coal supply contract had been executed." As a result this company began to import coal from South Africa.

The same committee was told that the Tampa (Fla.) Electric Co. had found that it could get coal more cheaply from Poland than from U.S. sources.

"THERE IS NO MORE CHEAP ENERGY"

One can be sympathetic to the plight of the coal users, especially Celanese, a company that took the coal-conversion plunge at a time when it was under no legal compulsion to do so. But are the railroads alone—or even principally—to blame for the rising cost of delivered coal? Senior Editor Gus Welty examines the question in the first of three coal stories (p. 24) that comprise the main part of this issue's feature section. "Energy users," he writes, "be they utilities or other industries or individual consumers, have simply not realized that there is no more cheap energy—and that they cannot convert from expensive oil or expensive gas and find that coal will be as inexpensive as it used to be."

Should rail rates be held down to promote social policy? AAR President William Dempsey emphatically thinks not: "The railroads should not be called upon to subsidize the utilities or the coal industry."

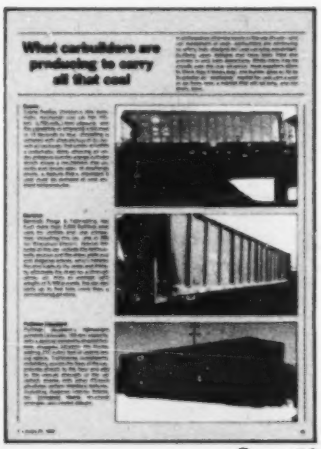
There is certainly no evidence that the utilities are holding down their own rates to subsidize anybody. Public utilities last year had an average rate of return on net worth of more than 11%. The railroads averaged less than 2%.

RAILWAY AGE

February 25, 1980

FEATURES

Cover article, page 24



Page 39

Page 48

COMMODITIES BY RAIL

COAL

24 Traffic will grow—but how much, and when?

28 BN leads the western surge in coal-hauling capability

30 Family Lines bets a bundle on L&N's coal future

39 What carbuilders are producing to carry all that coal

44 The BN at 10
The years since the merger of "the northerns," writes Senior Editor Gus Welty, have been "years of challenges accepted and, for the most part, met."

48 Communications: The optical fiber alternative
Railroad applications so far are minimal. The big breakthrough could come in the Northeast Corridor, where Amtrak is considering installing a system.

54 Old rail lines in new organizational skins
A group of professional railroaders has formed a company that assists local governments and shippers in setting up "designated operator" short lines.

NEWS

4 Short and Significant

9 Bi-Modal orders RoadRailers from Budd

9 ICC reports rails' financial health

12 Grain: Good news—and bad

12 ICC: A shift on competitive rates

12 Business booms at southern border

71 The Railroad Market

COMMENT

3 Inside

10 Watching Washington

14 Lines on Labor

DEPARTMENTS

58 People in the News

61 Suppliers

69 100 Years Ago

71 Carloadings

78 Products Report

78 New Literature

73 Classified Advertising

76 Professional Cards

77 Guide to Advertising

COVER: A Chessie train of new Pullman Standard hoppers moves into Carolina Power & Light Co. plant at Roxboro, N.C., for unloading

Market

CARLOADINGS

Loadings of revenue freight in the week ended Feb. 2 totaled 434,978 cars, according to the Association of American Railroads. This was an increase of 23,268 cars, or 5.7%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Feb. 2 are estimated at 16.7 billion, an increase of 3.8% above the corresponding week of 1979.

REVENUE FREIGHT CARLOADINGS

Commodity		Feb. 2 week
Grain		29,326
Farm products		4,561
Metallic ores		22,231
Coal		97,260
Crushed stone, gravel & sand		12,037
Nonmetallic minerals		13,470
Grain mill products		18,843
Food and kindred products		19,017
Primary forest products		19,704
Lumber & wood products (except furniture)		11,056
Pulp, paper & allied products		22,427
Chemicals & allied products		29,016
Petroleum products		6,459
Stone, clay & glass products		14,962
Coke		6,636
Metals & products		19,114
Motor vehicles & equipment		18,894
Waste & scrap materials		13,244
Forwarder & shiping assn. traffic		12,250
All other carloads		44,222
LCL traffic		249
Total cars loaded		**434,978**
Cumulative total	**1980**	**1979**
5 weeks	**2,134,894**	**1,975,551**
Estimated revenue ton-miles (billions) 5 weeks	**16.7**	**15.5**

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Jan. 26 totaled 34,498 cars (3.9% above the corresponding 1979 week) and 62,367 trailers or containers (up 7.0% from 1979). Cumulative volume for the first 4 weeks of 1980 is 124,357 (up 5.7% from 1979) and 224,945 trailers or containers (up 10.1% from 1979).

CANADIAN CARLOADINGS

Canadian railway revenue freight loaded in the seven-day period ended Jan. 21 totaled 4.4 million tons (up 3.5% from 1979). Cars loaded totaled 67,728 (up 1.2% from 1979). Cumulative loadings for 1980 were up to 12.18 million tons (up 1.3% from 1979).

• *Chessie.*—Will acquire 160 cabooses costing $11 million from Fruit Growers Express.

• *Conrail.*—Ordered 300 60-foot, 9-inch, 100-ton standard roof auto parts boxcars from Fruit Growers Express at a cost of $16.5 million. Conrail earlier ordered 355 60-foot, 9-inch, 100-ton cars from FGE, of which 125 will be high roof units and 230 standard roof. As a result of the 125-car order, FGE secured three tack-on orders from other Class I roads, bringing the total value of the latter contract to $27 million.

• *New York City Transit Authority.*—Awarded a $15,681,947 contract to NAB-Safety Associates for retrofitting an additional 344 IRT cars with air-conditioning systems. Two earlier contracts also went to NAB-Safety. The three contracts have a total value of nearly $51 million and involved retrofits for 1,370 IRT cars.

• *Washington Metropolitan Area Transit Authority.*—Awarded a $9.1-million contract to Westinghouse Electric for the supply of 12 substations and associated electrical equipment consisting of rectifiers, switch gear, and distribution apparatus.

• *Freight cars and locomotives.*—The following report has been received from the AAR and ARCI:

DELIVERED

	December 1979	December 1978	November 1979	Twelve months 1979	Twelve months 1978
Built new by carbuilders	7,376	6,524	7,971	83,931	62,400
Built new in RR shops	708	303	913	6,090	5,040
Built new - total	8,084	6,827	8,884	90,021	67,440
Rebuilt	16	13	54	* 882	1,334
TOTAL DELIVERED	**8,100**	**6,840**	**8,938**	***90,903**	**68,774**
Locomotives	160	116	168	1,892	1,312

ORDERED

To be built new by carbuilders	7,538	11,827	7,890	113,060	124,862
To be built new in RR shops	1,000	900	768	6,231	4,334
To be built new - total	8,538	12,727	8,658	119,291	129,196
To be rebuilt	16	7	54	965	145
TOTAL ORDERED	**8,554**	**12,734**	**8,712**	**120,256**	**129,341**

ON ORDER AND UNDELIVERED

	January 1 1980	January 1 1979	December 1 1979	December 1 1979	Average 1978
To be built new by carbuilders	112,749	89,944	113,797	113,667	63,141
To be built new in RR shops	6,452	6,311	6,160	6,350	5,505
To be built new - total	119,201	96,255	119,957	120,017	68,646
To be rebuilt	170	87	170	126	436
TOTAL ON ORDER	****119,371**	**96,342**	**120,127**	**120,143**	**69,082**
Locomotives	1,460	1,164	656	1,010	788

* Revised figures
** Backlog reduced by 1,210 cars due to reporting revisions and cancellation of some orders.